



FISCAL YEAR 2016 TAX CLASSIFICATION HEARING

**Jan Dangelo, MAA
Director of Assessing**

November 9, 2015

Fiscal Year 2016

Tax Classification Hearing

The purpose of the classification hearing is to determine the percentage share of the tax levy that each class of property will pay.

The Board of Selectman vote that split.

The minimum residential factor is determined by the make up of the tax base. This factor allows the Board of Selectmen to shift the burden towards Commercial & Industrial taxpayers to a maximum of 1.50.

The adopted percentage is then used by the Assessors to determine the tax levy paid by each class of property and calculate the tax rate.

Property Assessment Review

The residential market continues to experience a steady increase. Indicating an approximate seven percent (7%) increase in calendar 2014 sales.

The commercial market has also shown a steady increase, although the percentage is not as easily determined.

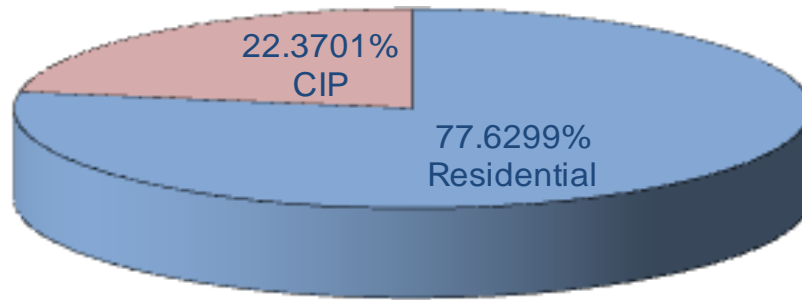
The average single family assessment increased from \$479,760 to \$506,083. Reflecting the desirability of properties in the Town of Natick; if a single tax rate is adopted by the Board of Selectmen we will see an increase of \$237.27 to the average single family tax bill. However, the tax rate will decrease by twenty-five cents per thousand (\$0.25) .

Property Assessment Review

Although commercial, industrial, and personal property values increased; there has been a slight shift to residential properties. This shift is less than a 1/4 of a percent ($< 0.2441\%$).

	Residential	CIP
Fiscal Year 2015	77.3858%	22.6142%
Fiscal Year 2016	77.6299%	22.3701%
Shift	00.2441%	-00.2441%

Classification Percentages



New Growth

Our New Growth Value was certified and approved by the Dept. of Revenue on August 31th, 2015 at:

Fifty-three million six-hundred thirty four thousand five hundred thirty-four. **53,634,534**

The major factors contributing to this total are:

Real Property (48,922,300)

Condominiums – 13 units
4,708,600

Single Family Homes – 41
25,106,400

Additions / Other Improvements
15,050,500

Commercial Additions / Improvements
4,056,800

Personal Property (4,712,234)

Consisting of approximately 265 new accounts and the addition of new assets to existing accounts

Levy Limit Calculation

II. TO CALCULATE THE FY2016 LEVY LIMIT

A. FY2015 Levy Limit	92,549,664	
A1 ADD Amended FY2015 Growth	0	
B. ADD (A + A1) X 2.5%	2,313,742	
C. ADD FY2016 New Growth	741,229	
D. ADD FY2016 Override		
E. FY2016 Subtotal	95,604,635	
F. FY2016 Levy Ceiling	183,892,857	\$ 95,604,635
		FY2016 Levy Limit

III. TO CALCULATE THE FY2016 MAXIMUM ALLOWABLE LEVY

A. FY2016 Levy Limit	95,604,635	
B. FY2016 Debt Exclusion(s)	4,215,216	
C. FY2016 Capital Expenditure Exclusion(s)		
D. FY2016 Stabilization Fund Override		
E. FY2016 Other Adjustment		
F. FY2016 Water / Sewer		
G. FY2016 Maximum Allowable Levy		\$ 99,819,851
		MAXIMUM LEVY

Maximum Allowable Levy

The maximum levy allowed for
fiscal year 2016 is
\$99,819,851

(This includes the debt exclusion of
\$4,215,216)

Excess Levy Capacity

$$\begin{array}{rcl} \text{(Levy Limit +} & - & \text{(Actual Levy) = (Excess Levy)} \\ \text{Debt Exclusion)} & & \\ \$99,819,851 & - & \$99,817,043 = \$2,808 \\ \text{(Maximum Levy)} & & \end{array}$$

This years Excess Levy capacity is \$2,808

This is the difference between the Maximum Levy and our Actual Levy.

Residential Factor

The minimum residential factor is 85.5918%.

This is the factor that would allow a split tax rate toward the CIP class up to 150%. This would increase the commercial tax rate by \$6.79 per thousand and reduce the residential rate by \$1.95 per thousand.

A residential factor of 1.00 will maintain a single tax rate. A residential factor below 1.00 will result in a split tax rate.

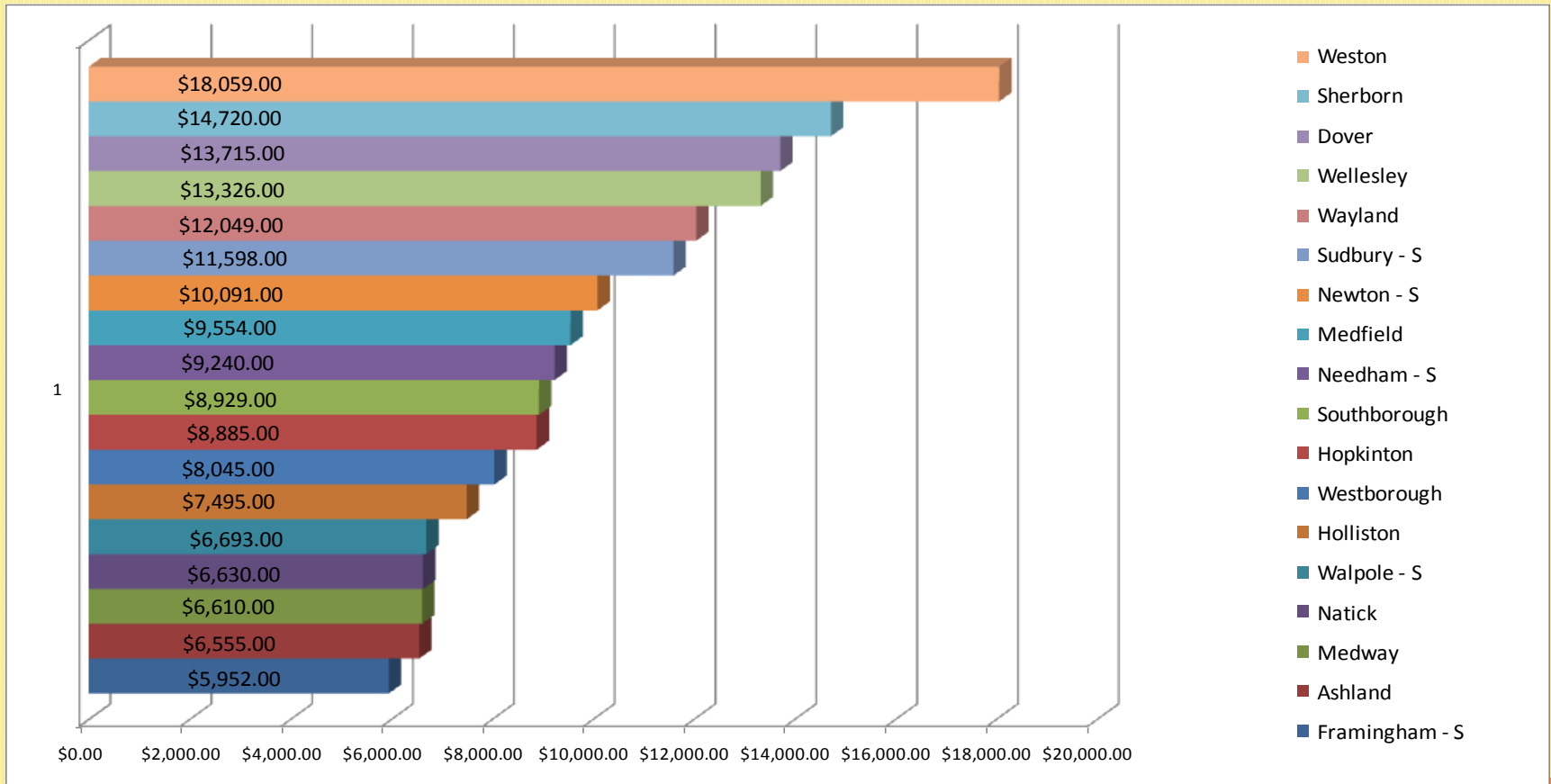
In FY2015, 110 of 351 communities elected to split the tax rate.

Classification Impact Examples

Type	Typical Property	Assessmt	Tax Levy Shift					
			100%	110%	120%	130%	140%	150%
Resid	Condo	250,000	\$ 3,393	\$ 3,295	\$ 3,198	\$ 3,100	\$ 3,003	\$ 2,905
Resid	Single or Multi	500,000	\$ 6,785	\$ 6,590	\$ 6,395	\$ 6,200	\$ 6,005	\$ 5,810
Resid	Single Family	750,000	\$ 10,178	\$ 9,885	\$ 9,593	\$ 9,300	\$ 9,008	\$ 8,715
Resid	Single Family	1,250,000	\$ 16,963	\$ 16,475	\$ 15,988	\$ 15,500	\$ 15,013	\$ 14,525
Resid	Sm. Apartment	1,500,000	\$ 20,355	\$ 19,770	\$ 19,185	\$ 18,600	\$ 18,015	\$ 17,430
Resid	Lg. Apartment	15,000,000	\$ 203,550	\$ 197,700	\$ 191,850	\$ 186,000	\$ 180,150	\$ 174,300
Comm	Gas Station	750,000	\$ 10,178	\$ 11,198	\$ 12,210	\$ 13,230	\$ 14,250	\$ 15,270
Comm	Small Retail	1,250,000	\$ 16,963	\$ 18,663	\$ 20,350	\$ 22,050	\$ 23,750	\$ 25,450
Comm	Office Bldg	40,000,000	\$ 542,800	\$ 597,200	\$ 651,200	\$ 705,600	\$ 760,000	\$ 814,400
Comm	Retail Mall	405,000,000	\$ 5,495,850	\$ 6,046,650	\$ 6,593,400	\$ 7,144,200	\$ 7,695,000	\$ 8,245,800
Mixed Use	Resid w/Office	1,250,000	\$ 16,963	\$ 17,569	\$ 18,169	\$ 18,775	\$ 19,381	\$ 19,988
Residential Change				-2.87%	-5.75%	-8.62%	-11.50%	-14.37%
Commercial Change				10.02%	19.97%	29.99%	40.01%	50.04%
Mixed Use Change				3.57%	7.11%	10.69%	14.26%	17.83%

Single Family Tax Bill Comparison

Fiscal Year 2015



Residential Exemption

The board may also adopt a residential exemption of up to 20% of the average value of ALL residential properties. The residential class average value is \$443,548.

The residential exemption shifts the tax burden within the residential class. It does not split the tax rate. Non-owner occupied and many residential properties would actually pay a higher tax.

The residential exemption works well in communities with a high percentage of non-resident property owners such as the Cape and communities with a large number of apartments and rental units.

Natick does not have a high percentage of non-resident owners.

This exemption does not make sense for a community like Natick.

Residential Exemption Examples

Selected Exemption		0	5.00%	10.00%	15.00%	20.00%
Residential Exemption		\$0	\$22,177	\$44,355	\$66,532	\$88,710
Residential Tax Rate		13.57	13.94	14.33	14.74	15.17
Commercial Tax Rate		13.57	13.57	13.57	13.57	13.57
	Assess	Tax	Tax	Tax	Tax	Tax
Owner Occupied Home	400,000.00	5,428.00	5,266.85	5,096.39	4,915.32	4,722.27
Commercial	400,000.00	5,428.00	5,428.00	5,428.00	5,428.00	5,428.00
Non Occupied Home	400,000.00	5,428.00	5,576.00	5,732.00	5,896.00	6,068.00
Vacant Land	400,000.00	5,428.00	5,576.00	5,732.00	5,896.00	6,068.00
Owner Occupied Home	800,000.00	10,856.00	10,842.85	10,828.39	10,811.32	10,790.27
Commercial	800,000.00	10,856.00	10,856.00	10,856.00	10,856.00	10,856.00
Non Occupied Home	800,000.00	10,856.00	11,152.00	11,464.00	11,792.00	12,136.00
Apartment	2,500,000.00	33,925.00	34,850.00	35,825.00	36,850.00	37,925.00
Commercial	2,500,000.00	33,925.00	33,925.00	33,925.00	33,925.00	33,925.00

Residential Exemption

Thirteen communities* adopted a residential exemption in 2015.

Barnstable
Boston
Brookline
Cambridge
Chelsea

Everett
Malden
Nantucket
Somerset

Somerville
Tisbury
Waltham
Watertown

Owner occupied condominiums in West Natick would benefit most from a residential exemption.

Small Commercial Exemption

The board may also approve a small commercial exemption of up to 10%.

This is only available to businesses that employ less than 10 people annually (as certified by the Department of Labor and Workforce Development) and are situated in a building that is valued less than \$1,000,000.

All businesses at the property must qualify. In Natick, approximately 17 properties may be eligible.

Small Commercial Exemption

Ten communities adopted a small commercial exemption in 2015.

Auburn

New Ashford

Avon

Seekonk

Bellingham

Somerset

Braintree

Westford

Dartmouth

Wrentham

Adopting a small commercial exemption without classifying taxes would result in an effective tax rate for some commercial properties that is less than the residential rate.

Again, this exemption does not make sense for our community.

PROJECTED TAX RATE

If the Selectmen vote a Residential
Factor of 1.0

- A Projected Tax Rate for Fiscal
Year 2016 would be:
\$13.57

TALKING TAXES..

If Natick maintains a single tax rate, we can expect the following:

- We have projected an increase to the average single family tax bill. This is an estimate of \$237.27 to the average assessed single family.
- Natick's Top 10 Commercial Taxpayers will collectively contribute eleven million one thousand five hundred fifty-eight dollars (\$11,001,558) in taxes for Fiscal Year 2016. (This includes Personal Property)
- The Top 10 Taxpayers pay 11.02% to Natick's Total Tax Levy.

In Conclusion I am asking the Board to vote.

1. The board must adopt a residential factor.

A residential factor of 1.00;
will result in a single tax rate.

A residential factor less than 1.00;
will result in a split tax rate.

The Board may also consider:

1. A residential exemption.

and/or

2. A small commercial exemption.

Typically the exemptions above are found in communities that split the tax rate or that have a large percentage of rental or absentee owners.

Thank You

Jan Dangelo, MAA
Director of Assessing

TOP 10 TAXPAYERS – FISCAL YEAR 2016

REAL ESTATE OWNER	REAL ESTATE VALUE	REAL ESTATE TAXES	PERSONAL PROPERTY VALUE	PERSONAL PROPERTY TAXES	FY2016 ASSESSED TOTAL	TOTAL TAXES (RE & PP)
GENERAL GROWTH PROPERTIES (NATICK MALL)	\$ 300,916,400	\$ 4,083,436	\$ 1,952,590	\$ 26,496.65	\$ 302,868,990	\$ 4,109,932
MATHWORKS INC (INCLUDES BOSTON SCIENTIFIC)	\$ 176,081,900	\$ 2,389,431	\$ 484,550	\$ 6,575.34	\$ 176,566,450	\$ 2,396,007
AVALON NATICK LLC	\$ 65,223,400	\$ 885,082	\$ 56,840	\$ 771.32	\$ 65,280,240	\$ 885,853
HC ATLANTIC DEVELOPMENT LP	\$ 59,990,000	\$ 814,064			\$ 59,990,000	\$ 814,064
COGNEX CORPORATION	\$ 41,560,700	\$ 563,979			\$ 41,560,700	\$ 563,979
DDH HOTEL LLC	\$ 38,154,300	\$ 517,754	\$ 760,940	\$ 10,325.96	\$ 38,915,240	\$ 528,080
FRANCHI PASQUALE	\$ 34,890,800	\$ 473,468			\$ 34,890,800	\$ 473,468
NATICK VILLAGE INVESTMENT LTD PARTNERSHIP	\$ 33,528,700	\$ 454,984			\$ 33,528,700	\$ 454,984
CLOVERLEAF APARTMENTS LLC	\$ 28,710,600	\$ 389,603			\$ 28,710,600	\$ 389,603
TJX COMPANIES INC	\$ 28,360,800	\$ 384,856	\$ 53,970	\$ 732.37	\$ 28,414,770	\$ 385,588
	\$ 807,417,600	\$ 10,956,657	\$ 3,308,890	\$ 44,901.64	\$ 810,726,490	\$ 11,001,558

TOP 10 TAXPAYER PERCENT OF LEVY = 11.02%